

Lt. Governor, Senate Negotiators Offer Tax Hike Compromise

Voluntary Income Tax Hike Proposed

(Jackson, Miss.) Lt. Governor Amy Tuck and Senators working on the looming state budget shortfall today offered a compromise on the issue of tax increases. The Senate leadership proposed immediately changing Mississippi income tax forms to add a line allowing income taxpayers to voluntarily contribute additional taxes to Mississippi's General Fund to help with the shortfall.

Tuck said Mississippians should be given a choice as to whether they want to pay more in state taxes and not forced to pay more. "State revenues have gone up 34% over the last ten years – so state taxpayers have been doing their part. The problem is that state spending has gone up 50%," said Lt. Governor Tuck. "The Senate believes we should be controlling spending and not raising taxes to fix Mississippi's budget problems. However, in the spirit of compromise, we offer this tax proposal to the House that we

feel should satisfy their desire to raise additional revenue,” she said.

The change in income tax forms would begin immediately under the proposal and bring in additional tax dollars to state coffers beginning early next year. The proposal suggests a check-off box on the forms for indicating the taxpayer wants to pay additional taxes and a blank the taxpayer can use to fill in the additional amount of taxes they agree to pay or the amount they wish to see deducted from their refund. The proposal would ask the State Tax Commission to provide monthly updates to the Legislature as to how much additional revenue is collected. Mississippi currently has four voluntary income tax check-offs for wildlife, education, volunteerism and the state burn center. Senators said that a similar proposal was done in Arkansas in the last few years.

Tuck noted that the House has proposed a \$.50 cigarette tax hike they say will raise \$50 million and that if all of Mississippi’s 1.2 million income taxpayers chose to add an average of just \$42 to their tax bill, it would raise the same amount the House wants.

Senate leaders predicted that revenue would be raised through the proposal. “I think most Mississippians know it’s

not their fault we are in this budget mess, but some will pay additional taxes,” said Senator Alan Nunnelee. Senators added that that while there is no way of knowing an exact revenue figure that would be generated by their proposal the same applies to the House’s cigarette tax hike. House assumptions for revenue generated from the cigarette tax hike do not take into account reduced consumption, out-of-state purchasing by border county residents or “black market” sales.

Tuck predicted the House would accept the compromise. “Some of our colleagues in the House have predicted that Mississippians want to pay more in taxes. We think this gives them that chance and makes everyone happy,” she said.

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